

VZCZCXYZ0006
PP RUEHWEB

DE RUEHAM #4278/01 2941511
ZNR UUUUU ZZH
P 211511Z OCT 07
FM AMEMBASSY AMMAN
TO RUEHC/SECSTATE WASHDC PRIORITY 0663
INFO RUEHGB/AMEMBASSY BAGHDAD 5503
RUEHKU/AMEMBASSY KUWAIT 0810
RUEHRH/AMEMBASSY RIYADH 1842
RUCPDO/DEPT OF COMMERCE WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS AMMAN 004278

SIPDIS

SENSITIVE
SIPDIS

STATE FOR EEB, NEA/ELA, AND NEA/I

E.O. 12958: N/A

TAGS: [EPET](#) [ETRD](#) [JO](#) [IZ](#)

SUBJECT: Iraqi Jordanian Transport Company Claims Lack of Security
in Iraq is Hindering Delivery of Oil to Jordan

REFS: A) Amman 4217
B) Baghdad 3312
C) Amman 3626
D) Amman 3557
E) Amman 1479

Sensitive but unclassified; protect accordingly. Not for internet
distribution or distribution outside the USG.

11. (SBU) Summary: Director General of the Iraqi Jordanian Land
Transportation Company (IJLTC) Ghassan Farkouh confirmed that as of
October 18, 40 of 166 trucks of Iraqi oil had reached Jordan's sole
refinery in Zarka, and another 23 were about to cross the border
(reftels). The whereabouts of the remaining 103 loaded tankers is
still not clear, owing to security issues in Anbar Province and the
subsequent lack of communication with the drivers who are
subcontracted by a local Iraqi transport company. Unexplained and
inconsistent differences in the specific gravities of oil in each
truck arriving in Jordan from Kirkuk have also caused IJLTC to be
concerned about possible theft. End Summary.

The Company

12. (SBU) IJLTC Director General Ghassan Farkouh told EconOffs during
an October 18 meeting that one of IJLTC's few current operations in
Iraq is the transport of oil from Kirkuk to the Jordan Petroleum
Refinery Company (JPRC) in Zarka, per a 2006 agreement between the
GOJ and GOI (reftels). IJLTC, established in 1982 as a privately
managed company based in Amman and jointly owned by the Government
of Jordan (GOJ) and the Government of Iraq (GOI), has seen its
operations in Iraq steadily decline, in part due to decreasing
Jordanian exports to Iraq and increasing costs and security
concerns. The company's fleet of 1,000 trucks has been reduced to
150 trucks, of which many are relatively antiquated 1994 models.
IJLTC employs about 70 drivers, who earn a basic salary of 150 JD
(USD 211) per month with incentives, such as bonuses for each trip,
which bring the salaries for some drivers up to 700 - 800 JD (USD
988 - 1130) per month.

Delivery Process for Iraqi Oil

13. (SBU) Farkouh explained that despite GOJ and GOI ownership of
IJLTC, the company alone bears the responsibility for ensuring that
oil reaches the Iraq-Jordan border. The Iraqi State Oil Marketing
Organization (SOMO) is only responsible for loading the oil onto
trucks in Kirkuk and expects to be paid at that point, Farkouh said.
IJLTC then becomes responsible for the complicated process of

transporting the oil, and only receives payment from the Jordanian government when the oil reaches JPRC. He elaborated that since IJLTC cannot use its own old vehicles due to a lack of spare parts in Iraq, it must hire a local subcontractor, the "Iraqi Oil Transportation Company," which is owned by the GOI, SOMO, and the private sector. The subcontracted trucking company moves the oil from Kirkuk through the suburbs of Anbar Province to the Trebil/Karamah border crossing. Farkouh added that it normally takes 1-2 days to get the trucks through the Iraqi bureaucracy at the border, and then one hour to transfer the oil from the Iraqi truck to the Jordanian truck. The GOJ only pays for the oil actually received, which, due to graft, theft, or differences in calibration, can differ from the amount loaded onto the tankers.

Where are the 166 Trucks of Iraqi Oil?

15. (SBU) Farkouh confirmed that following a series of security and technical problems, loading of 166 trucks had begun at Kirkuk on September 12. He noted that 40 tankers had arrived at JPRC, and 23 were expected to cross the border on October 18 (ref A). When asked about the location of the other vehicles, Farkouh said that recurrent security problems in Anbar Province had hindered operations, reporting an alleged 27 trucks in Kirkuk and another 38 parked by the drivers at their homes in Fallujah. He could not provide locations for the remaining trucks. The Iraqi Ministry of Transport informed IJLTC that some of the trucks went to Kurdistan, but Farkouh said IJLTC's initial investigations indicated that this was not accurate.

Security Problems in Anbar Hindering Operations

16. (SBU) Farkouh noted that the current situation highlighted

IJLTC's lack of control of the subcontractors' vehicles and drivers in Iraq. He explained that after the assassination of Sahwa al-Anbar chief Sheikh Ahmed Abu Risha, operations became unsafe for his company because control over the tribes was lost and militias resurfaced. Following the subsequent fighting, the company lost mobile communication with many of its drivers along the 775-kilometer stretch from Kirkuk to the company checkpoint located five kilometers from the border. Contact previously maintained with local police offices had also been lost, and some of the company's local representatives had fled the area. Farkouh said IJLTC had suspended any further loading of tankers at Kirkuk until the security situation could be evaluated and improved.

17. (SBU) Farkouh said that in the past, the company never actually paid for security. Rather it employed local tribesmen as a means of generating income for local communities and ensuring that the tribes would not attack their own. Now that the situation had become untenable, Farkouh said IJLTC was examining whether it should begin to pay specifically for security and protection services, but he wanted to be extremely cautious and do things legally to make sure that any payment went to the right people and not to terrorist groups. Farkouh had heard reports that the situation in Anbar might improve in the near future, and in that case, he believed telecommunications would be reinstated, alleviating some of the company's difficulties.

Possible Theft of Oil?

18. (SBU) Beyond lack of security, Farkouh lamented his company's inability to prevent the possible theft of oil in Iraq. He said that IJLTC had provided meters to the Kirkuk refinery, but IJLTC continued to receive inaccurate or inconsistent documentation of specific gravities of oil in each truck. As an example, he recounted that IJLTC was expecting 1,100 metric tons of oil, but when received, 60 tons were effectively missing. Farkouh said that IJLTC had not yet received a clear explanation for the discrepancies from the Iraqi refinery whose employees had even threatened IJLTC representatives for asking such questions. Nevertheless, Farkouh speculated that the losses may be due to oil being stolen and sand or water being put in its place, thus affecting the specific gravity. He commented that such problems were not present on the Jordanian side, where the weights taken at the border and

subsequently at JPRC usually matched, save for the expected standard deviation for fuel use.

19. (SBU) Comment: Farkouh appeared to be under pressure and concerned about his company's limited control over operations in Iraq, for which IJLTC is still held responsible. The security of his employees and difficulty filling vacant positions in Iraq also seemed to weigh heavily.

Visit Amman's Classified Website at:
<http://www.state.gov.sgov.gov/p/nea/amman/>

Hale